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**Telephone Conversation Between Mr. McCone and General Carter,
3 August 1962, re Early Retirement Paper**

Mr. McCone: I imagine this paper came up through a lot of sources.

General Carter: It did and we are torn between several things. The paper as it is now goes only to the Bureau of the Budget and...

Mr. McCone: Well, I am thinking that it is going to be used either as a document for presentation to Committees on the Hill or a talking paper for discussion, and probably with the President as well. Now I think that the overseas service and the hardships, and the danger, and the esoteric nature of the employment activities, and the need for use of figures, all should be emphasized. I am a little concerned about the statement that places emphasis on "highly qualified"--the words that they use are "highly qualified", --because I am afraid that that is going to bring some resistance from Agencies who are restricted by Civil Service but still compete with us for available people. And, therefore, I would suggest that you give consideration to using the term "possessing special and unique qualifications and

motivation." We need the best in our shop. Also, I'd get some words in the paper about the obligation to serve anywhere in the world at the CIA's direction--not at their own will. In other words, they are subject to assignment by the invisible government of the Agency and they have no choice about it. That is one of the basic differences between a service of this type and the Civil Service.

To turn to other points, I don't like to see us throw out actual precise figures on those two administrative costs--one is \$15,000 and one is \$80,000--and relate it to the number of people. What I would do is kinda make it very approximate, and I think these two figures are a little low, incidentally. You might give some thought to that. If you've got one figure of \$15,000 and then say that represents two people, someone may say, "Well, what do you pay them; what do you allow for overhead; how many square feet of office space do they occupy, etc.?" You will probably want to nit-pick this thing. There is no attempt to establish the actuarial cost....

General Carter: No, we took out that sentence entirely--the sentence that is in your paper--took it out entirely because by the time we go up on the Hill we hope to have a reading on that and Bob Amory is aware of this.

Mr. McCone: Also, there is no mention of the relative contribution to the actuarial funds shared by the Government and the individual and I suppose there is some payroll deduction plan about this--but different from the Civil Service.

General Carter: This would be identical with the Foreign Service. What this bill is--this is enabling legislation to authorize you to use that portion of the Foreign Service bill that you choose to--no matter what it happens to be.

Mr. McCone: Both Committees have asked me this question--"How much is this going to cost?" Well, you don't know, but in any event it is contributed to--it is a contributory plan. The next question might be, "How does this affect the employee--does he give 5% or 1%, and what does the Government put with it?" I know that those figures are established. Now, you mention in there a figure of a [redacted] that are serving in the same kind of a role as the... is pertinent that more than a [redacted] agency employees are in fact serving under [redacted] Actually that gives you the impression that there is only a [redacted] business but actually it covers everybody

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not only on station but are here serving the people that are on station
and are subject [] I'd kinda look STAT
at that a little bit and see what the reaction might be. The reaction I got
was that the figure was low -- it only talks about a [] people who STATINTL
might do it and really there are probably about [] I'd STATINTL
take a look at that.

Now, it might be useful to have Houston's office look up the legislative
history on the original Foreign Service retirement act, when this thing
was originally put into effect years ago and there might be some pretty
cogent arguments because you will probably find that that thing was debated
and it might be well to arm ourselves with that background.

General Carter: Yes, I have those hearings and have just barely gotten
into them but I have the full hearings and am studying them over the weekend
for my own information. The staff is already going through. We have
established a Task Force under Kirkpatrick but with the work to be done
by the Judge and [] to get every single angle and every single person
that gets into the act, and to find people in the Agency who are in a position
to go and talk to them who are building a regular campaign. This, of course,
is all contingent on our getting it out of the Bureau of the Budget but as soon
as we get Executive approval, we will have an operational plan that will go
thru into effect to hit all of these various things.

Mr. McCone: Well, you asked for my views and

General Carter: The letters have already gone to Amery, but these will
have no bearing on it. He is going to work on it over the weekend and we

can make any revisions we want to.

Mr. McCone: The paper as written and as you have revised is fine for Amory but when we are putting together presentation for Committees you might want to glance at these things again.